

## **Senate Bill No. 1107**

### **CHAPTER 546**

An act to amend Sections 2191.4, 2195, 2503.2, 2605, 2606, 2607, 2611.6, 2910.1, 3691, 4836.5, 4837.5, and 20583 of the Revenue and Taxation Code, and to amend Section 9880 of the Vehicle Code, relating to taxation.

[Approved by Governor September 28, 1997. Filed  
with Secretary of State September 29, 1997.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

**SB 1107, Committee on Revenue and Taxation. Property taxation.**

(1) Existing property tax law provides that the amount unpaid under a certificate of delinquent tax on unsecured property, along with any applicable interest and any penalty, constitutes a judgment lien upon all real and personal property in the county owned by and assessed to that same person.

This bill would provide that execution shall issue upon that lien upon request of the tax collector and sales shall be held under that execution, as specified.

(2) Existing law provides that 30 years after any property tax becomes a lien, the lien ceases to exist and the tax is conclusively presumed to be paid, excepting property which has been tax defaulted for nonpayment of taxes.

This bill would instead except from that provision property for which a power to sell has been recorded for nonpayment of taxes.

(3) Existing law authorizes a tax collector to require any taxpayer who makes an aggregate payment of \$100,000 or more on the 2 most recent regular installments on the secured roll or on the one installment of the most recent unsecured tax roll to make subsequent payments by electronic funds transfer.

This bill would make that provision applicable to aggregate payments of \$50,000 or more.

(4) Existing property tax law provides that secured roll taxes are due on the applicable specified date.

This bill would revise those provisions to state that those taxes are due and payable on the applicable specified date.

(5) Existing property tax law requires each property tax bill to contain specified information.

This bill would revise that provision to refer to each property tax bill, whether mailed or electronically transmitted.

(6) Existing property tax law authorizes a tax collector to mail a tax bill on every assessment on the unsecured roll on which taxes are due.

This bill would delete that authorization when the total tax bill amount due is too small to justify the cost of collection.

This bill would provide that the failure to receive a tax bill shall not relieve the lien of taxes nor prevent the imposition of penalties, as specified.

(7) Existing property tax law authorizes a tax collector to sell tax-defaulted property that is subject to a nuisance abatement lien.

This bill would clarify when the tax collector may sell tax-defaulted property subject to a nuisance abatement lien.

(8) Existing property tax law provides that any increase in an assessment resulting from a correction shall be entered on the roll prepared or being prepared for the current assessment year and collected like other taxes on the roll.

This bill would, with the approval of the tax collector, allow those assessments added after the lien date to be added to the current roll being collected.

(9) Existing property tax law provides, as specified, for the payment of escape assessments for prior fiscal years over a 4-year period.

This bill would authorize the tax collector to establish a fee for the actual cost of processing a request to pay escaped assessments in installments.

(10) Existing property tax law provides that certain individuals who own a residential dwelling may request postponement of property taxes. Existing law requires that claimants have equity in the property of at least 20% of the assessed value as shown on the tax bill.

This bill would revise that provision to allow the Controller, in instances of state-assessed property, to make that equity determination, as specified. This bill would provide that the 20% equity requirement shall be met at the time the claimant files an initial postponement claim.

(11) Existing law prohibits the Department of Motor Vehicles from renewing the certificate of a vessel until delinquent property taxes with respect to that vessel, as reported to the department by the county tax collector, are paid, and authorizes the county tax collector to so notify the owner of the tax delinquent vessel. Existing law also provides that whenever a vessel subject to that provision is transferred or not renewed for 2 renewal periods, the department shall notify the county tax collector of that fact.

This bill would instead provide that the department shall notify the county tax collector whenever a vessel is transferred or not renewed for 26 months.



(12) This bill would also make various clarifying or technical, nonsubstantive changes.

(13) By requiring new duties on county officials relating to property tax administration, this bill would impose a state-mandated local program.

(14) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

*The people of the State of California do enact as follows:*

SECTION 1. Section 2191.4 of the Revenue and Taxation Code is amended to read:

2191.4. From the time of filing the certificate for record pursuant to Section 2191.3, the amount required to be paid together with interest and penalty constitutes a lien upon all personal and real property in the county owned by and then assessed to and in the same name as the assessee named in the certificate or acquired by him or her in that name before the lien expires, except that the lien upon unsecured property shall not be valid against a purchaser for value or encumbrancer without actual knowledge of the lien when he or she acquires his or her interest in the property. The lien has the force, effect, and priority of a judgment lien and continues for 10 years from the time of the recording of the certificate unless sooner released or otherwise discharged.

Within 10 years from the date of the recording of the certificate or within 10 years from the date of the last extension of the lien, the lien may be extended by filing for record a new certificate in the office of any county recorder and from the time of the filing the lien as obtained under the original certificate shall be extended to all personal and real property in the county owned by the assessee for 10 years unless sooner released or otherwise discharged. Execution shall issue upon the lien upon request of the tax collector or the official collecting taxes on the unsecured roll in the same manner as execution may issue upon other judgments, and sales shall be held under that execution as prescribed in the Code of Civil Procedure.

SEC. 2. Section 2195 of the Revenue and Taxation Code is amended to read:

2195. Thirty years after any tax becomes a lien, if the lien has not been otherwise removed, the lien ceases to exist and the tax is conclusively presumed to be paid. The official having charge of the records of the tax shall mark it "Conclusively presumed paid." Property for which a power to sell has been recorded for nonpayment of taxes is not subject to the provisions of this section.



SEC. 3. Section 2503.2 of the Revenue and Taxation Code is amended to read:

2503.2. (a) The tax collector for any city, county, or city and county may, in his or her discretion, accept electronic funds transfers in payment of any tax or assessment, or on a redemption.

(b) The tax collector for any city, county, or city and county may, in his or her discretion, require any taxpayer, or any paying agent of a taxpayer or taxpayers, who makes an aggregate payment of fifty thousand dollars (\$50,000) or more on the two most recent regular installments on the secured roll or on the one installment of the most recent unsecured tax roll, to make subsequent payments by electronic funds transfer.

(c) Any taxpayer or paying agent making payment by electronic funds transfer shall provide any supporting documentation and electronic information as requested by the tax collector. An electronic funds transfer made pursuant to this section shall be made to the bank account designated by the tax collector.

(d) Any costs incurred by the tax collector as a result of the acceptance of electronic funds transfers pursuant to this section shall be considered administrative costs of tax collection, except that if for any reason the electronic funds transfer is not completed, those costs shall be recovered as provided in subdivision (g).

(e) The acceptance of an electronic funds transfer shall constitute payment of a tax, assessment, or redemption as of the date of acceptance when, but not before, the transfer has been completed. An electronic funds transfer is completed by acceptance by the bank designated by the tax collector of the payment specified by the originator's payment order.

(f) If an electronic funds transfer is not accepted for any reason, any record of payment entered on any official record indicating the acceptance of that transfer shall be canceled, and the tax or assessment shall be a lien as if no payment has been attempted. When a cancellation of a record of payment is made, the canceling officer shall record the cancellation on the record that contained the notation of payment, and immediately shall cause a written notice of cancellation to be sent to the person attempting the electronic funds transfer.

(g) Upon notice of nonacceptance of an electronic funds transfer, the tax collector may charge the person who attempted the electronic funds transfer a fee not to exceed the costs of processing the transfer, providing notice of nonacceptance to that person, and making required cancellations on the tax roll. The amount of any fee charged pursuant to this subdivision shall be set by the governing body of the relevant city, county, or city and county, and may be added to the tax bill and collected in the same manner as costs recovered pursuant to Section 2621.



SEC. 4. Section 2605 of the Revenue and Taxation Code is amended to read:

2605. The following taxes on the secured roll are due and payable November 1:

(a) All taxes on personal property.

(b) Half the taxes on real property, and if the amount is not evenly divisible by two, the odd cent is also due and payable unless the roll shows the odd cent as part of the second installment.

SEC. 5. Section 2606 of the Revenue and Taxation Code is amended to read:

2606. The second half of taxes on real property on the secured roll is due and payable February 1.

SEC. 6. Section 2607 of the Revenue and Taxation Code is amended to read:

2607. The entire tax on real property may be paid when the first installment is due and payable or at any time thereafter until the properties on the current roll become tax defaulted. The second installment may be paid separately only if the first installment has been paid. The tax collector shall accept payment of current year taxes even though prior year delinquencies on the real property may exist. The acceptance of that payment shall not affect the validity of any sale in satisfaction of a lien for defaulted taxes.

SEC. 7. Section 2611.6 of the Revenue and Taxation Code is amended to read:

2611.6. The following information shall be included in each county tax bill, whether mailed or electronically transmitted, or in a separate statement accompanying the bill:

(a) The full value of locally assessed property, including assessments made for irrigation district purposes in accordance with Section 26625.1 of the Water Code.

(b) The tax rate required by Article XIII A of the California Constitution.

(c) The rate or dollar amount of taxes levied in excess of the 1-percent limitation to pay for voter-approved indebtedness incurred before July 1, 1978, or bonded indebtedness for the acquisition or improvement of real property approved by two-thirds of the voters on or after June 4, 1986.

(d) The amount of any special taxes and special assessments levied.

(e) The amount of any tax rate reduction pursuant to Section 96.8, with the notation: "Tax reduction by (name of jurisdiction)."

(f) The amount of any exemptions. Exemptions reimbursable by the state shall be shown separately.

(g) The total taxes due and payable on the property covered by the bill.

(h) Instructions on tendering payment, including the name and mailing address of the tax collector.

(i) Information specifying all of the following:

(1) That if the taxpayer disagrees with the assessed value as shown on the tax bill, the taxpayer has the right to an informal assessment review by contacting the assessor's office.

(2) That if the taxpayer and the assessor are unable to agree on a proper assessed value pursuant to an informal assessment review, the taxpayer has the right to file an application for reduction in assessment for the following year with the county board of equalization or the assessment appeals board, as applicable, during the period from July 2 to September 15, inclusive.

(3) The address of the clerk of the county board of equalization or the assessment appeals board, as applicable, at which forms for an application for reduction in assessment may be obtained.

SEC. 8. Section 2910.1 of the Revenue and Taxation Code is amended to read:

2910.1. The tax collector may, no later than 30 days prior to the date on which taxes are delinquent and as soon as reasonably possible after receipt of the extended assessment roll, mail a tax bill for every assessment on the unsecured roll on which taxes are due, unless the total tax bill amount due is too small to justify the cost of collection. Failure to receive a tax bill shall not relieve the lien of taxes, nor shall it prevent the imposition of penalties imposed by this code. However, the penalty imposed for delinquent taxes as provided by any section in this code shall be canceled if the assessee convinces the tax collector that he or she did not receive the tax bill mailed to the address provided on the roll.

SEC. 9. Section 3691 of the Revenue and Taxation Code is amended to read:

3691. (a) (1) Five years or more after the property has become tax defaulted, the tax collector shall have the power to sell and shall attempt to sell in accordance with Section 3692 all or any portion of tax-defaulted property that has not been redeemed, without regard to the boundaries of the parcels, as provided in this chapter, unless by other provisions of law the property is not subject to sale. Any person, regardless of any prior or existing lien on, claim to, or interest in, the property, may purchase at the sale. In the case of tax-defaulted property that has been damaged by a disaster in an area declared to be a disaster area by local, state, or federal officials and whose damage has not been substantially repaired, the five-year period set forth in this subdivision shall be tolled until five years have elapsed from the date the damage to the property was incurred.

(2) When a part of a tax-defaulted parcel is sold, the balance continues subject to redemption and shall be separately valued for the purpose of redemption in the manner provided by Chapter 2 (commencing with Section 4131) of Part 7.

(b) (1) (A) Three years or more after the property has become tax defaulted and subject to a nuisance abatement lien, the tax



collector shall have the power to sell and may sell all or any portion of tax-defaulted property that has not been redeemed, without regard to the boundaries of parcels, as provided in this chapter, unless by other provisions of law the property is not subject to sale. Any person, regardless of any prior or existing lien on, claim to, or interest in, the property, may purchase at the sale.

(B) When a part of a tax-defaulted parcel is sold, the balance continues subject to redemption and shall be separately valued for the purpose of redemption in the manner provided by Chapter 2 (commencing with Section 4131) of Part 7.

(2) Before the tax collector sells vacant residential developed property pursuant to this subdivision, actual notice, by certified mail, shall be provided to the property owner, if the property owner's identity can be determined from the county assessor's or county recorder's records. The tax collector's power of sale shall not be affected by the failure of the property owner to receive notice.

(3) Before the tax collector sells vacant residential developed property pursuant to this subdivision, notice of the sale shall be given in the manner specified by Section 3704.7.

SEC. 10. Section 4836.5 of the Revenue and Taxation Code is amended to read:

4836.5. In the event any correction authorized under this article has the effect of increasing the assessment, the auditor shall apply a tax rate to that increase at whatever tax rate was in existence in the year in which the error was made and shall apply the assessment ratio that was in existence in the year in which the error was made. All increased amounts of taxes shall be entered on the roll prepared or being prepared for the current assessment year and shall thereafter be treated and collected like other taxes on the roll. After the lien date, and with the approval of the tax collector, the increase may be added to the current roll being collected. However, if the correction affects taxes on the secured roll for any year and subsequent to the entry of the original assessment but prior to the date of the correction the real property on which the taxes constitute a lien has been transferred or conveyed to a bona fide purchaser for value or becomes subject to a bona fide encumbrance for value, the increased amount of taxes shall not create, impose or constitute a lien on the real property and shall be entered on the unsecured roll in the name of the assessee at the time the error was made and shall thereafter be treated and collected like other taxes on the roll.

The entry on the unsecured roll shall be followed with "Correction to account or Parcel Number \_\_\_\_ for the 19\_\_ assessment year pursuant to Section(s) \_\_\_\_ of the Revenue and Taxation Code." The foregoing entry may be made on a document separate from the roll if reference is made on the roll to the document wherein the entry is made.

SEC. 11. Section 4837.5 of the Revenue and Taxation Code is amended to read:

4837.5. (a) Notwithstanding any other provision of law, taxes due, whether secured or unsecured, on escape assessments for prior fiscal years may be paid over a four-year period at the option of the assessee if: (1) the additional tax is over five hundred dollars (\$500), and (2) a written request for installment payment is filed by the assessee with the tax collector prior to the time the second installment of taxes on the secured roll becomes delinquent, or by the last day of the month following the month in which the tax bill is mailed, whichever is later. The tax collector shall include with the property tax bill a notice of the payment provisions of this section. For unsecured taxes, the written request for installment payment shall be filed with the tax collector prior to the date on which those taxes become delinquent.

(b) If payment by installments is requested, 20 percent or more of the tax shall be paid no later than the deadline for filing the written request. The current taxes and prior year taxes with penalties and costs thereon shall be paid with or prior to the initial installment payment. In each succeeding fiscal year, the assessee shall pay, before the delinquency date of the second installment of current taxes on the secured roll, all current year taxes, and a sum at least sufficient to reduce the outstanding balance of the tax by 20 percent of the original amount. In the case of unsecured taxes, the required annual installment shall be paid on or before August 31.

(c) Interest at the rate of three-fourths of 1 percent per month, calculated from the date of the deadline for filing the written request to the date that payment is due, shall be added to the outstanding balance, if the tax collector determines that the escape or underassessment was due, in whole or in part, to the error, omission, or fault of the assessee.

(d) No additional penalties shall be charged as long as installment payments are made timely; and, in the case of secured taxes, as long as all payments are made timely, an affidavit regarding the property shall not be published pursuant to Section 3371.

(e) If any installment is not paid timely, or if the property on the secured roll becomes tax defaulted, or if the property changes ownership, or if taxes for the property on the unsecured roll are not paid before becoming delinquent, the balance of the tax remaining to be paid shall immediately become due and payable, and no further installment payments for that escape assessment or correction shall be authorized. The tax collector shall inform the auditor of the defaulted, off-roll installment plan and of the delinquent amount remaining unpaid.

(f) The auditor shall add the unpaid balance, plus all penalties and costs thereon, to the current roll, adjust the tax collector's charge accordingly, and the remaining balance of the tax shall become



subject to all of the provisions of this division applicable to delinquent taxes.

(g) The tax collector shall maintain records listing the current status of all the installment accounts authorized under this section. The status of each installment account shall be entered on the current roll and the tax collector may file for record with the county recorder a certificate pursuant to Section 2191.3.

(h) When the installment account is paid in full before 5 p.m. on June 30 of the year in which the account has become defaulted and the tax collector has filed for record a certificate of lien, the tax collector shall also file for record a release of that lien. Where the account is not paid in full until after June 30 of the year in which the account became defaulted, the filings of the certificates of lien and release of lien shall be subject to recording fees charged to the taxpayer.

(i) The tax collector may establish a fee for the actual cost of processing a request to pay escaped assessments in installments.

SEC. 12. Section 20583 of the Revenue and Taxation Code is amended to read:

20583. (a) “Residential dwelling” means a dwelling occupied as the principal place of residence of the claimant, and so much of the land surrounding it as is reasonably necessary for use of the dwelling as a home, owned by the claimant, the claimant and spouse, or by the claimant and either another individual eligible for postponement under this chapter or an individual described in subdivision (a), (b) or (c) of Section 20511 and located in this state. It shall include condominiums and mobilehomes which are assessed as realty for local property tax purposes. It also includes part of a multidwelling or multipurpose building and a part of the land upon which it is built. In the case of a mobilehome not assessed as real property which is located on land owned by the claimant, residential “dwelling” includes the land on which the mobilehome is situated and so much of the land surrounding it as reasonably necessary for use of the mobilehome as a home.

(b) As used in this chapter in reference to ownership interests in residential dwellings, “owned” includes (1) the interest of a vendee in possession under a land sale contract provided that the contract or memorandum thereof is recorded and only from the date of recordation of the contract or memorandum thereof in the office of the county recorder where the residential dwelling is located, (2) the interest of the holder of a life estate provided that the instrument creating the life estate is recorded and only from the date of recordation of the instrument creating the life estate in the office of the county recorder where the residential dwelling is located, but “owned” does not include the interest of the holder of any remainder interest or the holder of a reversionary interest in the residential dwelling, (3) the interest of a joint tenant or a tenant in common in



the residential dwelling or the interest of a tenant where title is held in tenancy by the entirety or a community property interest where title is held as community property.

(c) For purposes of this chapter, the registered owner of a mobilehome shall be deemed to be the owner of the mobilehome.

(d) Except as provided in subdivision (c), and Chapter 3 (commencing with Section 20625), ownership must be evidenced by an instrument duly recorded in the office of the county where the residential dwelling is located.

(e) “Residential dwelling” does not include any of the following:

(1) Any residential dwelling in which the owners do not have an equity of at least 20 percent of the full value of the property as determined for purposes of property taxation or at least 20 percent of the fair market value as determined by the Controller and where the Controller determines that the state’s interest is adequately protected. The 20 percent equity requirement shall be met at the time the claimant or authorized agent files an initial postponement claim and tenders to the tax collector the initial certificate of eligibility described in Sections 20602, 20639.6, and 20640.6.

(2) Any residential dwelling in which the claimant’s interest is held pursuant to a contract of sale or under a life estate, unless the claimant obtains the written consent of the vendor under the contract of sale, or the holder of the reversionary interest upon termination of the life estate for the postponement of taxes and the creation of a lien on the real property in favor of the state for amounts postponed pursuant to this act.

(3) Any residential dwelling on which the claimant does not receive a secured tax bill.

(4) Any residential dwelling in which the claimant’s interest is held as a possessory interest, except as provided in Chapter 3.5 (commencing with Section 20640).

(5) (A) Except as provided in this section, any residential dwelling on which the property taxes, as defined in Section 20584, are delinquent at the time the application for postponement under this chapter is made or on which any other property tax or special assessment imposed by a special district or other tax code area is delinquent at the time the application for postponement under this chapter is made.

(B) Any taxes or assessments described in subparagraph (A) which are delinquent on July 1, 1977, shall not disqualify an otherwise eligible dwelling for postponement under this chapter. An application for postponement under this chapter to postpone the payment of property taxes for the 1977–78 fiscal year, shall also constitute an application for the postponement of all those delinquent taxes and assessments, together with any penalties, interest, fees, or other charges resulting from that delinquency and those amounts shall, unless otherwise paid by the claimant, be paid



out of the amount appropriated by Section 16100 of the Government Code and shall be added to and become part of the obligation secured by the lien provided by Section 16182 of the Government Code; provided, however, that upon payment of delinquent taxes and assessments for fiscal year 1976–77 out of the amount appropriated by Section 16100, any delinquent penalties, interest, fees or other charges resulting from the delinquency of those taxes and assessments for fiscal year 1976–77 shall be canceled.

(C) For 1978–79 and thereafter, any taxes or assessments described in subparagraph (A) which became delinquent after the claimant was 62 and before the claimant first has established a lien pursuant to Section 16182 of the Government Code shall not disqualify an otherwise eligible dwelling for postponement under this chapter. An application to postpone taxes for 1978–79 or thereafter shall also constitute an application for the postponement of all delinquent taxes and assessments, together with any penalties, interest, fees, or other charges resulting from the delinquency and those amounts shall, unless otherwise paid by the claimant, be paid out of the amount appropriated by Section 16100 of the Government Code and shall be added to and become part of the obligation secured by the lien provided by Section 16182 of the Government Code.

(6) All taxes or assessments described in subparagraph (A) of paragraph (5) which are delinquent on the date this bill takes effect shall not disqualify an otherwise eligible blind or disabled applicant's dwelling from postponement under this chapter. A blind or disabled citizen's application for postponement of property taxes shall not constitute an application for the postponement of any delinquent taxes and assessments, or any penalties, interest, fees or other charges resulting from delinquency. Delinquent taxes of blind or disabled applicants shall not be subject to postponement under this chapter.

SEC. 13. Section 9880 of the Vehicle Code is amended to read:

9880. (a) The department shall not renew the certificate of number of, or allow a transfer of any title to or interest in, a vessel if the county tax collector has notified the department pursuant to Section 3205 of the Revenue and Taxation Code, that taxes are delinquent upon the vessel, and the department shall not subsequently issue a certificate of number for, or a new certificate of ownership reflecting a transfer of title to or interest in, that vessel until the department receives a certificate of clearance from the county tax collector that the delinquent taxes have been paid on that vessel or until the county tax collector has provided notice to the department that the delinquency has been satisfied.

(b) The department shall record the notice of delinquent taxes on the vessel. If the department is notified by the county tax collector that the delinquency has been satisfied, the department shall, if all other requirements are satisfied, issue a certificate of number for, or a new certificate of ownership reflecting a transfer of title to or

interest in, the vessel. The department shall assess a fee upon each county tax collector in an amount that is sufficient to reimburse the department for its actual costs of administering this section.

(c) Whenever a vessel subject to this section is transferred, or not renewed for 26 months, the department shall notify the county tax collector of that fact.

SEC. 14. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district are the result of a program for which legislative authority was requested by that local agency or school district, within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.

